

WASHINGTON, DC -- Congresswoman Linda Sánchez, Chairwoman of the House Judiciary Subcommittee on Commercial and Administrative Law (CAL), issued the following opening statement today while managing the floor debate on H.R. 3678, the Internet Tax Freedom Act Amendments Act.

"I rise in strong support for H.R. 3678, the Internet Tax Freedom Act Amendments Act, as amended. H.R. 3678, legislation designed to extend the internet tax moratorium and grandfather protections, clarify the treatment of gross receipts taxes, and revise the definition of Internet access, is bipartisan legislation at its best. It has wide spread support by industry groups, including the Don't Tax Our Web Coalition, as well as by various government organizations, such as the National Governors Association, the Federation of Tax Administrators, the National Conference of Mayors, and the National Conference of State Legislatures. It is also supported by a wide range of labor and union groups, including the American Federation of State, County and Municipal Employees. And with that broad support, the House passed H.R. 3678 by a vote of 405-2.

"H.R. 3678 as amended by the Senate contains four distinct changes:

"First, the Senate version extends the moratorium on state and local taxes on Internet access and continues grandfather protections for seven years, until November 1, 2014. The seven-year time frame will allow Congress to revisit the moratorium and consider developments in the States or in technology. It will also provide businesses sufficient time to plan, and ensure that consumers benefit from tax-free access to the Internet.

"Second, the Senate version extends from November 1, 2007 to June 30, 2008, the time for certain states to adjust to a phase-out of the grandfather protection. This alteration will benefit state governments who would have scrambled to readjust their budgets with a loss of revenue beginning November 1.

"Third, the Senate version expands the definition of Internet access to prohibit taxation of certain services which are fee-based, not packaged with Internet access, and are offered from sources other than providers of Internet access.

"Finally, the Senate version prohibits a state from reimposing Internet access taxes if the state had eliminated the taxes more than two years ago.

"For nearly ten years we have had the luxury of tax-free internet access as we have operated under a moratorium passed by Congress. But that the moratorium expires in less than two days. With the impending end of the moratorium in sight, this chamber agreed nearly unanimously to pass H.R. 3678, the Internet Tax Freedom Act Amendments Act. This legislation is an example of how a bipartisan approach to a complex issue can serve the public good.

"While the Senate made some changes to H.R. 3678, this is a version I am very proud to support. It retains the essence of H.R. 3678, including refining the definition of Internet access and most importantly, providing a temporary extension of the moratorium. This legislation

minimizes the effect on state and local government revenue, treats businesses fairly, and keeps Internet access affordable to consumers.

“I remind my colleagues on both sides of the aisle that the current Internet tax moratorium expires in about 36 hours. Mr. Speaker, I encourage all my colleagues to join me in supporting H.R. 3678, the amended Internet Tax Freedom Act Amendments Act, so that tax-free access to the internet can continue. And I reserve the balance of my time.”